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UNITED STATES TARIFF COMMISSION

THE FOREIGN TRADE OF LATIN AMERICA



In three Parts



PART II

COMMERCIAL POLICIES AND TRADE RELATIONS OF INDIVIDUAL LATIN AMERICAN COUNTRIES

SECTION 13. GUATEMALA

Washington

1941

THE AMERICAS



UNITED STATES TARIFF COMMISSION

THE FOREIGN TRADE OF LATIN AMERICA

A report on the Trade of Latin America
with Special Reference to Trade
with the United States

Under the General Provisions of Section 332
Part II, Title III, Tariff Act of 1930

In three Parts

PART II

COMMERCIAL POLICIES AND TRADE RELATIONS OF
INDIVIDUAL LATIN AMERICAN COUNTRIES

SECTION 13. - GUATEMALA

Washington

1941

UNITED STATES TARIFF COMMISSION

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Washington, D. C.

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FOREWORD

This analysis of the commercial policies of Guatemala and its trade relations with the world and with the United States is one of a series making up part II of a report by the United States Tariff Commission on the Foreign Trade of Latin America. Part I deals with the trade of Latin America as a whole, part II with the trade of individual Latin American countries, and part III with Latin American export commodities. Part I contains a short description of the Latin American area, a consideration of the commercial policies of the Latin American countries, an examination of the total trade of Latin America with the world and with the United States, and an analysis of special problems in the foreign trade of Latin America, including those arising out of the present European war. Part II, consisting of 20 sections, is a survey of the commercial policy and the foreign trade of each of the 20 Latin American republics, with special emphasis on the trend, composition, and destination of exports, and the trend, composition, and source of imports. Each section also contains an analysis of the trade of the United States with the particular country. Part III deals individually with approximately 30 selected Latin American export commodities, for each of which there is a discussion of production, exports, trade barriers, prices, and competitive conditions, and the effects of the European war.

The countries covered in part II of this report are as follows:

Section 1. - Argentina

- do. 2. - Bolivia
- do. 3. - Brazil
- do. 4. - Chile
- do. 5. - Colombia
- do. 6. - Ecuador
- do. 7. - Paraguay
- do. 8. - Peru
- do. 9. - Uruguay
- do. 10. - Venezuela
- do. 11. - Costa Rica
- do. 12. - El Salvador
- do. 13. - Guatemala
- do. 14. - Honduras
- do. 15. - Nicaragua
- do. 16. - Panama
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- do. 18. - Cuba
- do. 19. - Dominican Republic
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HISPANIOLA



GREAT INAGUA IS.
(BAHAMAS)

ATLANTIC OCEAN

CUBA

PORT DE PAIX

CAP HAITIEN

PUERTO PLATA

SANTIAGO

S. FRANCISCO
DE MACORIS

LA VEGA

GULF OF
GONAÏVES

GONAÏVES

HAITI

DOMINICAN REPUBLIC

CIUDAD TRUJILLO

GONAÏVE IS.

PORT-AU-
PRINCE

AUX CAYES

LA ROMANA

PEDRO
DE MACORIS

CARIBBEAN SEA

SECTION 13. - GUATEMALA

Guatemala - A Description

Physical characteristics.

The Republic of Guatemala,^{1/} the most northerly of the Central American countries, is bounded on the north and west by Mexico, on the east by the Crown Colony of British Honduras, the Caribbean Sea, and the Republic of Honduras, and on the south by El Salvador and the Pacific Ocean. Extending about 270 miles from north to south, and with a maximum width of about 250 miles, it has a Pacific coast line of 200 miles, and a Caribbean littoral of 70 miles. Its area, 42,364 square miles, is approximately equivalent to that of Tennessee.

Guatemala is traversed from north to south by a mountain range known as the Cordillera of the Andes.^{2/} In this range, which is close to the Pacific coast, there are a number of healthful and fertile plateaus, on which the greater part of the population lives. Spurs of the Cordillera extend in various directions, but principally toward the Caribbean, where they descend more gradually to sea level than on the Pacific slope. Elevations in the Cordillera reach 14,000 feet. In common with the ranges which extend down the west coast of Mexico and Central America, the Guatemalan Cordillera contains numerous volcanoes, only two of which are active. Plains constitute the northern part of Guatemala between British Honduras and Mexico. On the side toward Mexico the land is rolling, and suited for cattle raising; toward British Honduras, it is forested.

^{1/} In Spanish, República de Guatemala.

^{2/} Although known by this name, the Guatemalan mountains have no genetic connection with the South American Andean system. The Guatemalan ranges belong to the Antillean system.

As in other mountainous tropical areas, the climate of Guatemala varies considerably with the altitude. In the coastal lowlands, and in those areas with an elevation up to about 2,000 feet (tierra caliente), the climate is hot and humid throughout the year. The interior plateaus, at elevations of from 3,000 to 8,000 feet (tierra templada) have a climate which is equable and healthful, with warm days and cool nights. In the higher regions (tierra fria) it is distinctly cool. The mean annual temperature in the tierra caliente is about 80° F., and that in the tierra templada is about 58° F. There are two seasons, the rainy and the dry. The rainy season begins in May; in the interior regions it extends until November, but on the coast it sometimes lasts until December. Snow occasionally falls in December or January in the upper reaches of the tierra templada. The annual rainfall in the vicinity of Guatemala City (elevation 4,900 feet) averages about 45 inches; in some parts of the coastal plains, however, it reaches 200 inches.

There are numerous rivers in Guatemala, but for the most part they are not navigable. Because the Cordillera is closer to the Pacific coast than to the Atlantic, the country is divided into two unequal drainage areas, and the rivers which flow into the Pacific are short and swift. The most important from the standpoint of navigation are the Río Polochic and the Río Dulce, which flow into the Gulf of Honduras; several others are navigable by small boats. The most important lakes in Guatemala are Atitlán and Izabal, both of which may be navigated by steamers.

About 600 miles of railroad are in operation in Guatemala,^{1/} in addition to the mileage on banana plantations. The principal line, operated by the International Railways of Central America,^{2/} provides service between Guatemala City, Puerto Barrios, Pacific ports, Mexico, and El Salvador. A smaller railroad, the Ferrocarril Verapaz (28 miles) connects the coffee districts of Verapaz with Lake Izabal. Plantation railways serving the banana districts of the United Fruit Company total about 280 miles.

On December 31, 1939, there were approximately 3,700 miles of highways in Guatemala, connecting all the important cities. About 650 miles of highway were under construction, and 300 miles were projected. The principal highways radiate from Guatemala City to Antigua and Chimaltenango, to the Salvadoran frontier, to San José, and to Quezaltenango.^{3/}

Population.

The population of Guatemala is greater than that of any other country of Central America. The most recent census - that of 1921 - placed its population at 2,005,000. According to an estimate of December 31, 1938, the number of inhabitants was 3,044,490,^{4/} which represents a gain of 52 percent in 17 years. On the basis of this estimate there were in 1938 about 72 persons to the square mile.

^{1/} The gage of the Guatemalan railroads is 3 feet (the standard United States gage is 4 feet 8½ inches).

^{2/} This railroad is owned by United States interests.

^{3/} Work continues on the important highway from Guatemala City to the Petén region; by the end of 1940, 181 miles had been built, and the construction of 112 miles remained. Motor vehicles registered in Guatemala in 1938 totaled 3,927.

^{4/} U. S. Bureau of Foreign and Domestic Commerce, Commercial Travelers' Guide to Latin America, 1940, Part III, p. 72.

Guatemala is the second most densely populated country in Central America, being exceeded in this respect only by El Salvador. The population of Guatemala is predominantly rural. Only three cities have more than 12,000 inhabitants, and the combined population of the 22 most important cities and towns is only somewhat more than 10 percent of the total for the country. The population of Guatemala is largely concentrated on the interior plateaus and on the comparatively narrow Pacific slope of the Cordillera. The Atlantic slope, while constituting the greater part of the country's area, is much more sparsely settled.

The principal city of Guatemala is its capital, Guatemala City, located at an altitude of about 4,900 feet. It has a population of 167,000. Other important cities and towns, all of which are in the interior, are Quezaltenango, 26,100; Antigua, the former capital, 12,300; San Pedro Sacatepequez-San Marcos, 10,000; and Salama, 8,000. Six other cities have populations ranging from 8,000 to 5,000. Puerto Barrios, the principal Atlantic port, has a population estimated at 3,000. San José, the principal port on the Pacific coast, has 1,500 inhabitants.^{1/}

The people of Guatemala are predominantly descendants of the Mayas; an official estimate indicates that about two-thirds of them are of pure Indian blood. The remaining one-third is largely composed of mixed races, principally Spanish and Indian. The official language is Spanish. A number of Indian dialects are also used, and in some of the remote areas, only the Indian dialects are spoken. Because of the number of United States citizens and Jamaican laborers on the Atlantic coast, English is quite generally understood in that part of the country.

^{1/} U. S. Bureau of Foreign and Domestic Commerce, Commercial Travelers' Guide to Latin America. 1940, Part III. pp. 85-87.

Natural resources and economy.

Agriculture. - Guatemala is almost entirely an agricultural country. It is estimated that at least nine-tenths of the people are engaged in tilling the soil, and 95 percent of Guatemalan exports customarily consist of agricultural products. The principal agricultural export crops are coffee and bananas, but substantial quantities of sugar cane, cotton, corn, beans, wheat, tobacco, cacao, rice, hemp, flax, yucca, grapes, potatoes, and plantains are grown, chiefly for domestic consumption. Only a small part of the Guatemalan area is under cultivation. In 1938-39 the land devoted to the seven principal crops - corn, coffee, beans, bananas, wheat, sugar cane, and rice - totaled 1.5 million acres, or less than 6 percent of the total area of the country.^{1/}

The Guatemalan economy, as it relates to international trade, is characterized by the extent of its dependence upon coffee and bananas. Exports of these two products ordinarily account for nine-tenths or more of the total value of exports. Some honey, sugar, zacatón root, essential oils, coconuts, and other minor agricultural products are exported, but their value is small.

Coffee is by far the most important export crop of Guatemala, accounting for nearly three-fifths of the value of total shipments abroad, which in 1939 amounted to 17 million dollars. Guatemala ranks fifth among the coffee-producing countries of the world, and

^{1/} The approximate area devoted to each of the principal crops in 1938-39 was as follows: Corn, 866,000 acres; coffee, 276,000; beans, 169,000; bananas, 83,000; wheat, 44,000; sugar cane, 37,000; and rice, 24,000.

fourth among the coffee-producing countries of Latin America, being exceeded only by Brazil, Colombia, and El Salvador.^{1/}

Coffee is cultivated in most sections of the Republic, at elevations of from 1,000 to 5,000 feet. The principal coffee-growing districts are in the highlands of the Pacific coast, especially north of Guatemala City, and the Coban district on the Caribbean side.^{2/} Guatemalan coffee is of a "mild" type (*coffea arabica*), and is used in the United States largely for blending purposes.^{3/} It commands a high price in European and United States markets, and competes only indirectly with coffee from Brazil. An exceptionally fine quality of coffee is grown in the famous Alta Verapaz or Coban district.

Because of the extent to which Guatemala depends on exports of coffee, the country is susceptible to the disadvantages inherent in a "one-crop" economy. The conditions surrounding the growing and marketing of this product determine in great measure the prosperity of the country; fluctuations in prices and shifts in markets are immediately reflected in both the foreign and domestic trade of the Republic. To a certain extent Guatemala has been successful in overcoming this dependence on coffee during the last decade. In 1929 three-fourths of the value of total Guatemalan exports consisted of coffee. The expansion of the banana industry, especially after 1936, as well as the increased exports of some of the minor commodities, caused a fairly steady decline in the importance of coffee. Another

^{1/} Production in the Netherlands Indies also exceeds that in Guatemala.

^{2/} In 1934 there were nearly 2,000 coffee plantations in Guatemala, then covering more than one-fifth of the cultivated area of the country. Germans owned or controlled one-third or more of these plantations in 1934.

^{3/} In the trade, all coffees are roughly grouped into "Brazils" and "Milds," the latter constituting all coffees grown outside of Brazil.

factor was the low price of coffee in recent years as compared with 1929. In 1939 somewhat less than three-fifths of the total value of Guatemalan exports consisted of coffee.

In 1929 Germany was the principal market for Guatemalan coffee, taking nearly one-half of total exports. The United States took more than one-third. In 1938, however, the United States took nearly three-fifths, and Germany about one-fifth. The remainder went to other European markets. The outbreak of war in Europe, and the ensuing events, caused the virtual loss of Guatemala's European market for coffee, but this loss is offset in part by the quota assigned to Guatemala for exports to the United States under the Inter-American Coffee Agreement, signed November 28, 1940. The Guatemalan quota for the year beginning October 1, 1940, was set at about 70.8 million pounds,^{1/} whereas exports to the United States amounted to 55.7 million pounds in 1938 and to 56.4 million pounds in 1939. By an executive decree of November 4, 1940, each coffee plantation in Guatemala was allotted a quota for export to the United States market amounting to 75 percent of its production from October 1, 1940, to September 30, 1941.^{2/}

Bananas, the second ranking Guatemalan export commodity, now account for about three-tenths of the value of total exports, as compared with about one-seventh in 1929. In 1938, Guatemala ranked third among the banana-exporting countries of Latin America, and

^{1/} 535,000 bags of 60 kilograms, net. Effective June 1, 1941, the Inter-American Coffee Board increased the total quantity permitted to enter the United States, raising the Guatemalan quota to nearly 72 million pounds.

^{2/} The quota is administered by the Central Coffee Office of the Ministry of Agriculture. Some changes were subsequently made in the original quota allotments.

fourth among those of the world, being exceeded only by Jamaica, Mexico, and Honduras. No data are available showing production of bananas in Guatemala, but exports in the 3 years 1936-38 averaged 8.6 million bunches annually.^{1/} Production and exports increased substantially during the decade 1929-38.^{2/}

Until 1936, production of bananas in Guatemala took place chiefly on the Atlantic coast. Damage caused by the sigatoka, or leaf-spot, and "Panama" diseases, however, led to extensive plantings on the Pacific coast after 1936. About 5.4 million bunches, or 72 percent of the total, were exported from producing areas on the Atlantic coast in 1936, as compared with only 2.1 million bunches, or 28 percent of the total, from areas on the Pacific coast. In 1939, however, 4.9 million bunches were shipped from the Atlantic coast, and 5.2 million from the Pacific coast.^{3/} Meanwhile, marked progress had been made in overcoming the banana diseases by the installation of overhead irrigation and spraying equipment.^{4/}

Corn is a very important element in the diet of the Guatemalan people. Grown in practically all parts of the country, the crop is usually sufficient to satisfy domestic requirements, although in some years corn must be imported. There are two crops - that in the low-land which comes on the market in early September, and that in the

^{1/} Bunches of 50 pounds.

^{2/} See the section on "Exports from Guatemala."

^{3/} Production of bananas was reduced sharply by a destructive wind-storm in June 1940, which destroyed about 12,000 acres of banana plants on the Pacific coast holdings of the United Fruit Company. On December 24 and 25, 1940, one of the worst windstorms in the history of the Guatemalan banana industry destroyed about 4 million trees on the Atlantic coast plantations of the same company. While this catastrophe did not, of course, affect exports in 1940, shipments from the Atlantic coast producing area in 1941 are expected to decline from 400,000 to about 25,000 bunches per month.

^{4/} U. S. Bureau of Foreign and Domestic Commerce, International Reference Service, Vol. I, No. 16, April 1941.

highland which reaches the market about the first of November. Production in the 3 crop years 1936-37 to 1938-39 averaged 11.7 million bushels annually. In contrast with the production of corn, that of wheat is inadequate for the home market, and quantities of wheat flour must be imported. Production of wheat, which is confined to the highland regions, averaged 482 thousand bushels annually in the 3 crop years 1936-37 to 1938-39.

Production of rice, which is ordinarily more than sufficient to supply domestic needs, amounted to 18.1 million pounds in 1938-39. Cacao was at one time an important Guatemalan product, and efforts are being made by the Government to encourage its cultivation. Production in the 3 crop years 1936-37 to 1938-39 averaged about 1 million pounds annually. Tobacco is grown in Guatemala, but not for export. As a result of overproduction in the 1938-39 season, plantings were subsequently limited to about 50 percent of the average for the two preceding crop years (approximately 3 million pounds). This action, together with unfavorable weather conditions, resulted in a sharp decline in production to 675 thousand pounds in the crop year 1939-40. In addition to the tobacco produced in Guatemala, some is imported, chiefly from the United States, for use in the manufacture of "Virginia" type cigarettes, and of cigars.

Forest industries. - Chicle is by far the most important forest product in Guatemala. Other forest products include rubber, dye-woods, mahogany, cedar, lignum vitae, and other fine woods. The forested portions of Guatemala aggregate about 1.3 million acres, or about 5 percent of the total area.

Chicle, used in the manufacture of chewing-gum base,^{1/} ranks third among the Guatemalan export commodities. All chicle produced in Guatemala is shipped abroad, and production may be gaged by exports. In 1938 Guatemala supplied 17 percent of total world exports of chicle, and ranked second among the producing countries of the world.^{2/} Production declined from a peak of 2.3 million pounds in 1926 to 349 thousand pounds in 1933.^{3/} Thereafter it increased gradually until 1937, when it rose sharply to 1.3 million pounds. The increase continued, reaching 2.2 million pounds in 1939, but in 1940 production declined sharply to 1.5 million pounds. Since 1935 all Guatemalan exports of chicle have gone to the United States.^{4/}

^{1/} In addition, chewing-gum base usually contains other materials, such as jelutong, various guttas, and some rubber. The proportion of chicle may range from 25 percent, or even less, to 100 percent.

^{2/} Mexico supplied 74 percent of world exports in 1938. Virtually the entire world production of chicle takes place in Mexico, Guatemala, and British Honduras. Small quantities are produced in Colombia, Venezuela, Brazil, and the Guianas.

^{3/} Only in 1931, when production amounted to 1.2 million pounds, was the downward trend broken.

^{4/} In some of the previous years of the decade 1929-38 shipments were made not only to the United States, but also to the United Kingdom and to British Honduras. Exports to British Honduras were subsequently reexported by that country. For detailed statistics of exports of chicle from the producing countries of Latin America, see part III of this report, pp. 69-78.

In contrast with Mexico and British Honduras, where the production of chicle and the trade in that commodity are largely operated by United States interests, the chicle lands in Guatemala are owned by the Government. Concessions are leased to contractors, and chicle operations are subject to Government regulation. Two large United States companies are engaged in the trade. Exports are composed entirely of crude chicle.^{1/}

All production of chicle in Guatemala is in the forests of the Department of El Petén in the eastern section of the country, between Mexico and British Honduras. It is required that all chicle be exported from the port of Puerto Barrios. No railroads, highways, or waterways connect the forests of the Petén with this port, and all the chicle therefore must be transported to Puerto Barrios by airplane.^{2/}

Pastoral industries. - The raising of livestock is an important industry in Guatemala and is encouraged by the Government. Requirements for meats of all kinds are supplied by domestic production, and the country is rapidly becoming independent of foreign sources for lard and dairy products. There is a limited importation of cattle from other Central American countries for fattening. Official data for the agricultural year 1938-39 show that there were then in the country 510 thousand cattle, 281 thousand sheep, 155 thousand hogs,

^{1/} Except in Mexico, there is little or no refining of chicle in the producing countries.

^{2/} Because of the increase in the production of chicle, permits were granted in 1938 for the construction of two additional airports to be used for the transportation of chicle from new forest areas. Until January 1941, when its franchise was revoked, aerial shipments of chicle were handled by the Compañía Nacional de Transportes Aereos Centroamericanos. Henceforth they will be handled by a new company, Aerovías de Guatemala, S.A., an affiliate of a large United States air transport company.

51 thousand goats, as well as 127 thousand horses and 38 thousand donkeys and mules. Domestic production of milk in 1938-39 amounted to 10.6 million gallons, that of butter to 614 thousand pounds, that of cheese to nearly 2 million pounds, and that of wool to 195 thousand pounds. Consumption of domestic lard amounted to 51 thousand pounds.^{1/} The only pastoral product exported from Guatemala at the present time is cattle hides.

Mining. - Although a number of minerals are known to exist in Guatemala, there has been comparatively little development of the country's mineral resources, principally because of the high cost of transportation. Gold is mined and exported in small quantities, and there is some production of chromite, lead, sulfur, and salt.^{2/} The gold is found in rivers on the Atlantic coast, and sulfur is obtained in an almost pure state from the volcanoes. Other minerals in Guatemala include copper, manganese, tin, antimony, petroleum, bitumen, asbestos, kaolin, alum, slate, and marble.

Manufacturing. - The manufacturing industries of Guatemala are not extensive. A number of industries producing consumer goods have been developed, especially since 1929, but most of the raw materials and all of the machinery utilized by them must be imported. There are no heavy industries. Lack of fuel, high transportation costs, and limited purchasing power retard the development of manufacturing.

^{1/} U. S. Bureau of Foreign and Domestic Commerce, International Reference Service, Vol. I, No. 16, April 1941.

^{2/} Exports of gold in 1939 were valued at \$182,000. Production of chromite in 1939 amounted to 1,321,000 pounds, that of lead to 214,000 pounds, and that of sulfur to 27,000 pounds. The production of chromite declined markedly in 1940.

Although there is a large number of "manufacturing" establishments in Guatemala, most of them are household industries or small shops employing but a few workmen, producing for a limited local market. The most important manufacturing industry in Guatemala is the textile industry, which produces principally the cheaper grades of cotton, woolen, and rayon fabrics, and knitted goods. Among the other commodities produced in Guatemala are straw hats, shoes, leather goods, saddlery, cordage, nets, baskets, furniture, brushes, toilet articles, patent medicines, soap, candles, tobacco products, liquors, beer, soft drinks, chocolate, gelatin, confectionery, chewing gum, preserves, flour, sugar, dairy products, avocado oil, cottonseed oil, toys, pottery, bricks, cement, and tiles.

Foreign investments. - Statistics of foreign investments in Guatemala, other than those of the United States and the United Kingdom, are not available. United States direct investments at the end of 1936 amounted to 50.4 million dollars. Of this amount, 832 thousand dollars were invested in distributive enterprises.^{1/} No data are available to show the composition of the remainder of the investments by economic groups, but most of them are probably in agriculture, principally coffee and bananas. The United States portfolio of Guatemalan securities in 1935 was estimated to be 400 thousand

^{1/} U. S. Department of Commerce, American Direct Investments in Foreign Countries - 1936, p. 12. "Direct" investments are defined as all United States investments in those foreign corporations or enterprises which are controlled by a person or small group of persons (corporate or natural) domiciled in the United States, or in the management of which such person or group has an important voice.

dollars.^{1/} United Kingdom investments in Guatemala in 1940 were estimated to be 10.7 million pounds sterling (approximately 40.3 million dollars).^{2/}

The Foreign Trade of Guatemala

Guatemala is the most important commercial nation of Central America, customarily accounting for one-third to one-fourth of the value of all exports from the six countries of Central America, and from about two-tenths to three-tenths of all imports thereto. Exports from Guatemala in 1939 were valued at 17 million dollars, as compared with imports of 19 million dollars.^{3/} Exports have exceeded imports in 11 of the 16 years 1924-39.^{4/} In proportion to its population, the foreign trade of Guatemala is small. Exports in 1939 were equal to \$5.60 per capita and imports to \$6.30 per capita.

^{1/} Cleona Lewis, America's Stake in International Investments, The Brookings Institution, 1938, p. 655. "Portfolio" investments are defined as equity and other security investments in foreign-controlled corporations, and investments in the security issues of foreign governments or subdivisions thereof.

^{2/} The South American Journal, Jan. 25, 1941, pp. 49-50.

^{3/} The Guatemalan monetary unit, the quetzal, is equivalent to the United States dollar.

^{4/} Export values employed by Guatemala prior to 1940 were f.o.b. Guatemalan port or frontier, excluding export duties. Beginning in 1940 export duties are included. The values shown for imports into Guatemala by sea are f.a.s. (free along side) port of shipment, plus 25 percent to cover freight, insurance, commissions, and other charges up to the Guatemalan port, and excluding the consular fees. If the 25 percent is not added to the value of imports, exports exceeded imports in 14 of the 16 years 1924-39.

Guatemalan commercial policy.

The Guatemalan Constitution of 1879^{1/} authorizes the Executive to issue decrees with the force of laws during the recess of the Legislature. Such measures must be submitted to the Legislature for approval during the first 15 days of its next ordinary session. This authorization is frequently cited by the Executive in making tariff changes.^{2/}

By virtue of this provision of the Constitution, a trade-balancing import surtax was decreed by the Guatemalan Executive on January 26, 1935, for the declared reason that the limitations and restrictions imposed by some countries on the importation of Guatemalan coffee injured Guatemala, and indicated the necessity of conserving markets for that product.^{3/} The original decree was modified

^{1/} Art. 77, Sec. 23, as amended.

^{2/} Specific authority to alter import duties in any manner, with the requirement of submission to the Legislature, was granted to the Executive from May 1932 to May 1936. This authority, which was not limited to periods of legislature recess, has apparently not been renewed.

^{3/} The original decree provided that duties, rates, and taxes should be doubled on products originating in or coming from those countries which, as compared with 1933, increased their shipments into Guatemala 100 percent during 1934. On January 25, 1936, the provisions of the 1935 decree were further declared applicable to products originating in or coming from countries with which Guatemala had an import trade balance in 1935, provided that Guatemalan imports from such countries during 1935 increased 100 percent as compared with 1934. Three exceptions were made to the import surtax. In the original law of Jan. 26, 1935, the Ministry of Finance was authorized to suspend the increase of 100 percent in duties when the value of imports from a country is at least equalled by its purchases of Guatemalan coffee. The decree of Jan. 25, 1936, continuing and extending the double-duty system, authorized the Ministry of Finance and Public Credit to exempt from the 100 percent surtax, irrespective of origin or trade balances, those products whose use or consumption may be necessary for the national economy. The decree of Jan. 25, 1936, also provided that import surtaxes should not apply to the products of those countries of Central America that had established or might establish preferential tariffs for Guatemalan products, or to the products of other countries with which the Guatemalan trade balance in 1935 was unfavorable by less than 3,000 quetzales (\$3,000).

in 1936 and again in 1939. Since 1935, therefore, the Guatemalan tariff has been a multiple-column system, based on trade balances.

The decree of January 28, 1939, provided for the application of double duties on merchandise from countries having an import trade balance with Guatemala of 75 percent or more of imports in the previous year. All statistics are calculated on the commercial value of the merchandise. Exempted from this provision were the other countries of Central America, and also all other countries the sales of which to Guatemala in 1938 were less than 31 thousand quetzales, or its equivalent in foreign currency. The Ministry of Finance is permitted in special cases to remove countries on the American continent from the list of countries affected by this law. The Ministry is also empowered to authorize the entry of limited quantities, without the surcharge, of articles the use of which is indispensable to the economy of the country. Merchandise originating in Asiatic nations, countries, or territories, and the neighboring islands, is subject without exception to the 100 percent import duty surcharge.

The present Guatemalan tariff was promulgated December 10, 1935, and became effective January 1, 1936. Approximately 225 changes in import duties were made in the new tariff - about 170 decreases and some 50 increases. Numerous changes have been made in the basic rates of duty since the promulgation of the tariff of 1936. From time to time exemptions from import duties have been granted on materials imported by certain domestic industries.

The Guatemalan tariff is largely for revenue,^{1/} but protection has been accorded to the products of certain industries, notably the textile industry, the cattle industry, and the sugar industry. By far the greater part of the duties in the Guatemalan tariff are specific, and are based principally on weight. On a few commodities the duties are ad valorem, the rates ranging from 10 to 20 percent.^{2/} A number of articles enter free of duty.

Guatemala has accorded conventional reductions below its basic ("minimum") tariff to a list of United States products since June 15, 1936. These concessions apparently are extended to other countries in accordance with most-favored-nation commitments. Guatemala has most-favored-nation agreements with the United States, Belgium, France, Germany, Czechoslovakia, Italy, Canada, the Netherlands, Sweden, and Norway.^{3/} Neither foreign exchange control nor other nontariff import controls have been established in Guatemala. There is no special agency to advise the Government on tariff matters.^{4/}

^{1/} Of the Guatemalan revenues for 1938-39, which amounted to 10.7 million dollars, 5.8 million dollars, or 55 percent of the total, consisted of customs duties. Import duties amounted to 3.9 million dollars (37 percent of the total), and export duties to 1.9 million dollars (18 percent of the total). Consular fees amounted to 570 thousand dollars (5 percent of total revenues).

^{2/} On precious stones and metals the duty is 10 percent; on jewelry and goldsmiths' wares, certain articles of platinum, gold, and silver, and clock or watch works it is 15 percent; and on motor cars and chassis, and still and motion picture cameras, 20 percent.

^{3/} An unconditional agreement with the United Kingdom was denounced by Guatemala, effective Aug. 30, 1936.

^{4/} There is, however, a Superior Council, composed of business men appointed to serve without compensation, to which economic problems may be referred by the Government for study and comment. This body has no administrative authority.

In the trade agreement between the United States and Guatemala, effective June 15, 1936, tariff concessions granted by Guatemala to the United States included reductions in duty on 14 tariff classifications, and bindings against increase in duty on 52 others. The reductions in the Guatemalan duties ranged from one-fourth to one-half of the duties in effect prior to the conclusion of the agreement. About 43 percent of United States exports to Guatemala in 1934 were affected by the agreement. Concessions made by the United States to Guatemala related entirely to distinctive tropical products. Four tariff items were bound on the free list, and reductions in duty were granted on five products. Imports of these products represented 97 percent of total United States imports from Guatemala in 1934.^{1/}

Preferential reductions to other Central American States, ranging from 45 percent to 62 percent of the duties, have been made by Guatemala on certain products, and free entry has been granted for several others. These concessions are gratuitous and are not embodied in trade agreements. Although Nicaragua accords free entry to all Guatemalan products, a reciprocal agreement for free trade in the products of both countries signed in 1924 is not in force in Guatemala, inasmuch as it was not ratified by the Guatemalan Legislature.

^{1/} See the section on "United States Trade with Guatemala."

Export duties are levied by Guatemala on a number of major products, but by far the greater number of classifications in the export tariff schedule are free of duty. Products on which export duties are assessed are bananas,^{1/} coffee,^{2/} sugar,^{3/} chicle,^{4/} hides and skins, and woods.

Effective June 3, 1941, all then existing regulations controlling exports and reexports from Guatemala were consolidated into a single decree. Under the new decree, the exportation and reexportation from Guatemala of all articles which are subject to export control in the United States are permitted only to the United States and to American countries having similar control measures.

Exports from Guatemala.

Trend. - In its export trade Guatemala is largely dependent upon coffee, bananas, and chicle. The most significant developments in the export trade of Guatemala in the decade 1929-38 were the substantial increases in exports of bananas and chicle, the decline in the importance of coffee in total exports, the increasing share of exports taken by the United States, and the declining importance of Germany as a market. Exports from Guatemala to the world and to the United States, in the period 1924-39, are shown in tables 1 and 2.

1/ The export duty on bananas is 1 cent per bunch. Bananas produced on the Pacific coast pay an additional duty of 1 cent per bunch.

2/ The export duty on coffee is \$1.50 per quintal, unless the price of coffee exceeds \$15 per quintal, when the duty becomes \$2. Roasted or ground coffee pays a duty of \$2 per quintal. One quintal equals 101.43 United States pounds.

3/ The export duty on sugar rises from 10 cents per quintal when the price is \$1 or less per quintal, to 50 cents per quintal when the price is more than \$4.

4/ The duty on chicle is 5 cents per gross Spanish pound (1.0143 United States pounds).

The year 1929, the earliest shown in the detailed tables hereinafter presented, was not a peak year in the value of exports either to the world or to the United States. Exports to the world in 1929 were exceeded in each of the years 1925-28, and exports to the United States in each of the years 1924-28 (see tables 1 and 2). The value of exports to the world in 1929 was 14 percent below the average for the 5 years 1924-28, and that of exports to the United States in 1929 was 21 percent below the 5-year average. The lower value of exports in 1929, as compared with the immediately preceding years, was due in part to the decline in the prices of coffee and of the other major export commodities of Guatemala, and in part to the reduced volume of exports of chicle after 1926.

Table 1. - Guatemala: Trade with the world, 1924-39

(Value in thousands of U.S. dollars^{1/})

Year	Exports	Imports	
		Including 25% additional calculated for freight, insurance, etc. ^{2/}	Exclusive of the 25% additional
1924 -----	24,492	18,803	15,166
1925 -----	29,662	25,004	20,366
1926 -----	28,978	28,528	23,257
1927 -----	33,915	24,563	20,086
1928 -----	28,212	30,111	24,745
1929 -----	24,928	30,399	24,459
1930 -----	23,578	16,474	13,262
1931 -----	15,167	12,971	10,461
1932 -----	10,661	7,466	6,025
1933 -----	9,327	7,560	6,075
1934 -----	14,808	10,037	8,073
1935 -----	12,471	11,999	9,599
1936 -----	15,106	14,390	11,512
1937 -----	16,109	20,929	16,743
1938 -----	16,336	20,952	16,761
1939 -----	16,985	19,120	15,296

^{1/} The Guatemalan monetary unit, the quetzal, is equivalent to the United States dollar.

^{2/} The 25 percent additional to cover charges for freight, insurance, commissions, etc., has been calculated as follows: 1924 to 1928, inclusive, only on imports by sea; 1929 to 1934, inclusive, on imports by sea and parcel post; and 1935 to 1939, inclusive, on all imports, by sea, parcel post, air, and land.

Source: Compiled by the U. S. Tariff Commission from Memoria de los Labores del Ejecutivo en el Ramo de Hacienda y Crédito Público.

Table 2. - Guatemala: Trade with the United States, 1924-39

(Value in thousands of U.S. dollars ^{1/})							
Year	Exports			Imports			
	Value	Percent of		Value ^{2/}	Percent of		
		total to			total from		
		United States			United States		
1924 -----	12,329	:	50.3	:	9,518	:	62.8
1925 -----	14,726	:	49.6	:	12,002	:	58.9
1926 -----	15,608	:	53.9	:	12,358	:	53.1
1927 -----	14,461	:	42.6	:	10,947	:	54.5
1928 -----	15,306	:	54.3	:	13,988	:	56.5
1929 -----	11,400	:	45.7	:	13,540	:	55.4
1930 -----	9,210	:	39.1	:	7,631	:	57.5
1931 -----	5,368	:	35.4	:	5,512	:	52.7
1932 -----	3,971	:	37.2	:	2,980	:	49.5
1933 -----	3,195	:	34.3	:	3,029	:	49.9
1934 -----	4,999	:	33.8	:	4,101	:	50.8
1935 -----	6,525	:	52.3	:	3,950	:	41.2
1936 -----	8,955	:	59.3	:	4,877	:	42.4
1937 -----	10,334	:	64.2	:	7,588	:	45.3
1938 -----	11,346	:	69.5	:	7,492	:	44.7
1939 -----	12,003	:	70.7	:	8,332	:	54.5

^{1/} The Guatemalan monetary unit, the quetzal, is equivalent to the United States dollar.

^{2/} Exclusive of the 25 percent additional for freight, insurance, etc.

Source: Compiled by the U. S. Tariff Commission from Memoria de los Labores del Ejecutivo en el Ramo de Hacienda y Crédito Público.

Total exports from Guatemala in 1929 were valued at 25 million dollars. Following the trend of international trade, they declined to 10.7 million dollars in 1932, and still further to 9.3 million in 1933, or 37 percent of their 1929 value. In 1934, exports increased sharply to 14.8 million dollars, but declined to 12.5 million in 1935. Thereafter they increased regularly, reaching 17 million dollars in 1939, or 68 percent of the 1929 level.

Price and quantum indexes of exports from Guatemala are not available. The effect of fluctuations in prices and quantities on the export trade, however, is indicated by statistics for the leading export commodities - coffee, bananas, and chicle - which in the decade 1929-38 constituted nine-tenths or more of total Guatemalan exports, in terms of value. The statistics indicate that the decline in the value of exports from 1929 to 1933 may be attributed principally to the decline in prices rather than to a decline in quantities. The increase in the value of exports after 1933 may be attributed chiefly to the larger volume of exports.

Quantities, values, and unit values of selected Guatemalan export commodities, in specified years, 1929 to 1939, are shown in table 3. Exports of coffee increased somewhat between 1929 and 1932, from 97.4 million pounds to 100.5 million. In the same period, however, the average unit value declined by more than three-fifths (from \$0.196 to \$0.075 per pound). Exports of coffee in each of the 3 years 1936-38 were larger than in 1932, average annual shipments amounting to 108 million pounds. In 1939, however, they declined to 96.8 million pounds, a figure slightly below that for

1929. The average unit value of coffee increased from \$0.075 to \$0.095 per pound (about one-half of that in 1929) between 1932 and 1936, and thereafter displayed only small variations.

Exports of bananas declined from 6.5 million bunches^{1/} in 1929 to 5.2 million in 1932. After 1932 they increased regularly, reaching 10.4 million bunches in 1939. The unit value of exports of bananas for the years shown in table 3 showed only minor variation (the range was from \$0.493 to \$0.526 per bunch).^{2/}

Exports of chicle declined from 1 million pounds in 1929 to 651 thousand pounds in 1932, and still further to 349 thousand pounds in 1933, a decline of 66 percent as compared with 1929. The average unit value declined by about one-third between 1929 and 1932 - from \$0.315 to \$0.217 per pound. Exports of chicle increased after 1933, reaching 607 thousand pounds in 1936. In 1937 they rose sharply to 1.3 million pounds, in 1938 to 1.7 million, and in 1939 to 2.1 million, or 214 percent of the quantity exported in 1929. The average unit value in 1936 was only slightly in excess of that in 1932; but it increased to \$0.357 in 1939, or 113 percent of the 1929 level.

^{1/} Bunches of 50 pounds.

^{2/} Inasmuch as bananas in Guatemala are produced largely by United States companies and enter this country free of duty, the recorded value of exports of bananas from Guatemala (and therefore the unit values of such exports) has little significance.

Table 3. - Guatemala: Exports of selected commodities, in specified years, 1929 to 1939

Commodity	1929	1932	1936	1937	1938	1939
			Quantity			
Coffee, 1,000 pounds -----	97,412	100,500	112,124	103,891	108,069	96,790
Bananas, 1,000 bunches of 50 pounds -----	6,460	5,248	7,648	8,727	9,377	10,417
Chicle, 1,000 pounds -----	1,016	651	607	1,311	1,713	2,171
			Value (1,000 U.S. dollars) ^{1/}			
Coffee -----	19,094	7,385	10,606	10,525	10,090	9,552
Bananas -----	3,212	2,624	3,770	4,302	4,748	5,482
Chicle -----	321	141	138	306	514	775
			Unit value (U.S. dollars)			
Coffec, pound -----	0.196	0.075	0.095	0.101	0.093	0.099
Bananas, bunch of 50 pounds -----	.497	.500	.493	.493	.506	.526
Chicle, pound -----	.315	.217	.227	.234	.300	.357

^{1/} The Guatemalan monetary unit, the quetzal, is equivalent to the United States dollar.

Source: Compiled by the U. S. Tariff Commission from Memoria de los Labores del Ejecutivo en el Ramo de Hacienda y Crédito Público.

Composition. - Exports from Guatemala consist predominantly of coffee, bananas, and chicle. In the period 1929-39 these three commodities accounted for 90 to 95 percent of all shipments abroad, in terms of value. Exports from Guatemala, by groups and principal commodities, in specified years, 1929 to 1939, are shown in table 4.

For every individual commodity shown in table 4, there was a sharp drop in the value of exports between 1929 and 1932, caused in large part by lower prices. All commodities for which data are available, except honey, coffee in the shell, sugar, and seeds, showed increases in dollar value in 1937 as compared with 1932; the values for bananas, empty tanks and cylinders (reexports), essential oils, gold in bars, and live animals were higher in 1937 than in 1929. For the principal commodities, the ratios of the dollar values of exports in 1938 to those in 1929 were as follows: Coffee, clean, 54 percent; bananas, 148 percent; chicle, 160 percent; gold in bars, 105 percent; honey, 117 percent; cattle hides, 43 percent; and empty tanks and cylinders, 300 percent. In 1939 the value of exports of all commodities increased as compared with 1938, with the exception of coffee, honey, gold, and live animals.

Nine-tenths or more of all Guatemalan exports in the period 1929-39 consisted of foodstuffs, beverages, and condiments. One commodity - coffee - accounted for two-fifths to three-fourths of the value of total exports. As a result of the increase in the trade in bananas and the decline in the value of exports of coffee, however, the share of coffee in total exports declined irregularly from more than 76 percent in 1929 to 56 percent in 1939. During the same

period exports of bananas, the second ranking export commodity, increased from 13 percent of the total to 32 percent. Other products in the foodstuffs group include honey and sugar, but the value of such exports is small as compared with that of coffee and bananas (see table 4).

Exports of raw or semiprepared materials (exclusive of foodstuffs) from Guatemala represented from 2 to more than 7 percent of the value of all exports in the period 1929-39. Chicle, the most important commodity in this group, accounted for 4.6 percent of total exports in 1939, as compared with 1.3 percent in 1929. Other raw materials, no one of which accounted for more than 1 percent of the total value of exports in 1939, were mahogany, cedar, and other fine woods; cattle hides; and seeds, bulbs, and roots.

The remaining Guatemalan export groups are manufactures, gold and silver, live animals, and art objects, antiquities, and collections. The leading items in the manufactures group were empty tanks and cylinders (reexports) and essential oils. All exports in the gold and silver classification in 1939 consisted of gold in bars (see table 4).

Table 4. - Guatemala: Exports,^{1/} by groups and principal commodities, in specified years, 1929 to 1939

Commodity group or commodity ^{2/}	Value in thousands of U. S. dollars ^{2/}											
	1929			1932			1936			1937		
	Value	Percent	of total	Value	Percent	of total	Value	Percent	of total	Value	Percent	of total
	exports		exports	exports		exports	exports		exports	exports		exports
Grand total	24,928	100.0	10,661	100.0	15,106	100.0	16,109	100.0	16,336	100.0	16,385	100.0
Foodstuffs, beverages, and condiments	22,779	91.4	10,120	94.9	14,493	96.0	15,019	93.2	15,074	92.3	15,241	89.7
Coffee, clean	18,637	74.8	7,202	67.6	10,507	69.6	10,503	65.2	10,016	61.3	9,522	56.1
Bananas	3,212	12.9	2,624	24.6	3,770	25.0	4,302	26.7	4,748	29.1	5,182	32.3
Honey	135	.5	102	1.0	91	.6	95	.6	158	1.0	121	.7
Sugar	334	1.3	4	.4	85	.6	4	.4	65	.4	74	.4
Coffee, in the shell	456	1.8	183	1.7	99	.7	22	.1	74	.5	30	.2
Raw or semiprepared materials	1,643	6.6	336	3.1	308	2.0	588	3.6	760	4.7	1,267	7.5
Chicle	321	1.3	141	1.3	138	.9	306	1.9	514	3.1	775	4.6
Mahogany, cedar, and other fine woods	5	.0	5	.0	43	.3	87	.5	86	.5	173	1.0
Cattle hides	186	.7	108	1.0	52	.3	77	.5	80	.5	116	.7
Seeds, bulbs, roots, rhizomes, tubers, and shoots, for planting	185	.7	7	.1	11	.1	17	.1	28	.2	38	.2
Manufactures	171	.7	48	.4	152	1.0	191	1.2	301	1.8	287	1.7
Tanks and cylinders, empty	28	.1	20	.2	39	.3	43	.3	84	.5	113	.7
Essential oils of all classes	18	.1	1	.6	37	.2	62	.4	54	.3	68	.4
Gold and silver	332	1.3	155	1.5	148	1.0	301	1.9	196	1.2	187	1.1
Gold, in bars	182	.7	155	1.5	141	.9	271	1.7	192	1.2	182	1.1
Live animals	3	.0	1	.6	4	.6	9	.1	5	.6	3	.0
Art objects, antiquities, and collections	-	-	1	.6	1	.6	1	.6	4	.6	4	.6

^{1/} Domestic exports. Gold and silver bullion and specie are included. Parcel post is included. Transit trade is excluded. Values are f.o.b. Guatemalan port or frontier, excluding export duties. (Beginning in 1940 export duties are included.)

^{2/} The Guatemalan monetary unit, the quetzal, is equivalent to the United States dollar.

^{3/} Classifications employed in this table are those given in the Guatemalan export statistics for 1939. Groups are ranked according to value in 1939.

^{4/} Less than \$500.

^{5/} Comparable data not available.

^{6/} Less than one-tenth of 1 percent.

Source: Compiled by the U.S. Tariff Commission from Memoria de los Labores del Ejecutivo en el Ramo de Hacienda y Crédito Público.

Destination. - The principal foreign markets for the products of Guatemala in 1938, with the share of the value of total exports taken by each country, were the United States, 69 percent; Germany, 14 percent; the Netherlands, 5 percent; and Sweden, 4 percent. Minor markets in 1938 include Poland, Czechoslovakia, Finland, France, the United Kingdom, Japan, and Italy. Exports from Guatemala to selected countries, in specified years, 1929 to 1939, are shown in table 5. More detailed data for 1937 are shown in table 6.

In the period 1929-39 the United States not only maintained its position as the predominant purchaser of Guatemalan products, but substantially increased its participation in the trade, its share increased irregularly from 46 percent of the total in 1929 to 71 percent in 1939. The value of United States purchases from Guatemala ranged from 4 million dollars (1932) to 12 million dollars (1939).

Germany has ranked second as a purchaser of Guatemalan products; the share of Germany declined from 40 percent in 1929 to 11 percent in 1939. German purchases varied in value from 9.9 million dollars (1929) to 1.9 million dollars (1939). During this period the value of Guatemalan exports of bananas and chicle, all of which went to the United States, increased, whereas the value of exports of coffee, for which Germany was an important market, declined.

The other principal commercial nations - the United Kingdom, France, Italy, and Japan - have not, except in occasional years, been important factors in Guatemala's export trade. Fairly substantial exports, however, have in the past gone to the Netherlands and Sweden (see table 5). With continental European markets closed as a result

of the war, the export trade of Guatemala is now (1941) virtually confined to the United States.

Exports from Guatemala to other countries of Latin America are negligible. In 1937 they amounted to but 129 thousand dollars, as compared with a total export trade valued at 16.1 million dollars. The principal destinations were El Salvador and Honduras.

Table 5. - Guatemala: Foreign trade with selected countries, in specified years, 1929 to 1939

Country	(Value in thousands of U.S. dollars) ^{1/2}									
	1929		1932		1936		1937		1938	
	Value	Percent of total	Value	Percent of total	Value	Percent of total	Value	Percent of total	Value	Percent of total
Exports to: ^{2/}										
All countries	24,928	100.0	10,661	100.0	15,106	100.0	16,109	100.0	16,336	100.0
UNITED STATES	11,400	45.8	3,971	37.2	8,955	59.3	10,334	64.2	11,346	69.5
United Kingdom	156	.6	520	4.9	345	2.3	100	.6	57	.4
Germany	9,928	39.8	3,014	28.3	2,792	18.5	2,803	17.4	2,308	14.1
Japan	2	-	-	-	25	.1	33	.2	23	.1
Italy	2	-	48	.4	167	1.1	185	1.2	19	.1
France	78	.3	574	5.4	225	1.5	215	1.3	95	.6
All other	3,362	13.5	2,534	23.8	2,597	17.2	2,439	15.1	2,488	15.2
Imports from: ^{4/}										
Grand total, all countries, including 25 percent calculated for freight, insurance, etc.	5,30,399		5,71,466		14,380		20,929		20,952	
Total, all countries, exclusive of the 25 percent	24,459	100.0	6,025	100.0	11,512	100.0	16,743	100.0	16,761	100.0
UNITED STATES	13,540	55.3	2,980	49.5	4,877	42.4	7,588	45.3	7,492	44.7
United Kingdom	2,305	9.4	615	10.2	1,051	9.1	1,393	8.3	1,023	6.1
Germany	3,364	13.8	705	11.7	3,568	31.0	5,429	32.4	5,881	35.1
Japan	290	1.2	142	2.4	66	.6	69	.4	39	.2
Italy	533	2.2	147	2.4	169	1.5	253	1.5	225	1.4
France	878	3.6	194	3.2	212	1.8	182	1.1	254	1.5
All other	3,549	14.5	1,242	20.6	1,569	13.6	1,829	11.0	1,847	11.0
25 percent calculated for freight, insurance, etc.	5,940		1,441		2,878		4,186		4,191	

^{1/} The Guatemalan monetary unit, the quetzal, is equivalent to the United States dollar.

^{2/} Domestic exports: Gold and silver bullion and specie are included. Parcel post is excluded. Transit trade is excluded.

^{3/} Includes trade with following countries:

Exports to:	Value (1,000 dollars)	Percent of total	Imports from:	Value (1,000 dollars)	Percent of total
Sweden	946	5.6	Peru	255	1.7
Netherlands	889	5.2	Netherlands	215	1.4
Czechoslovakia	118	.7	Sweden	192	1.3
Poland	111	.7	Belgium	132	.9
Finland	106	.6			

^{4/} General imports. Bullion, specie, and parcel post are included.

on the basis of foreign values, imports by land, by parcel post, and by air, plus 25 percent of the foreign value of imports, an amount estimated to cover the charges for freight, insurance, commission, etc.

^{5/} In 1929 and 1932, the 25 percent additional to cover charges for freight, insurance, and commission includes only imports by sea and by parcel post.

Source: Compiled by the U. S. Tariff Commission from Memoria de los Labores del Ejecutivo en el Ramo de Hacienda y Crédito Público.

Table 6. - Guatemala: Foreign trade by geographic areas and principal countries, in 1937

(Value in thousands of U.S. dollars) ^{1/}					
Exports ^{2/}			Imports ^{2/}		
Exported to -	Value	Percent of total trade	Imported from -	Value	Percent of total trade
Western Hemisphere:			Western Hemisphere:		
UNITED STATES -----	10,334	64.2	UNITED STATES -----	7,588	45.3
Canada -----	221	1.4	Canada -----	57	.4
El Salvador -----	64	.4	Mexico -----	267	1.6
All other Western Hemisphere countries -----	67	.4	Peru -----	247	1.5
			Honduras -----	69	.4
			All other Western Hemisphere countries -----	189	1.1
Total -----	10,686	66.4	Total -----	8,417	50.3
Europe:			Europe:		
United Kingdom -----	100	.6	United Kingdom -----	1,336	8.0
Germany -----	2,803	17.4	Germany -----	5,429	32.4
France -----	214	1.3	France -----	182	1.1
Italy -----	185	1.2	Italy -----	253	1.5
Netherlands -----	729	4.5	Czechoslovakia -----	271	1.6
Sweden -----	667	4.1	Sweden -----	230	1.4
Czechoslovakia -----	289	1.8	All other European countries -----	542	3.2
All other European countries -----	400	2.5			
Total -----	5,387	33.4	Total -----	8,243	49.2
Asia:			Asia:		
Japan -----	33	.2	Japan -----	69	.4
All other Asiatic countries -----	3	4/	All other Asiatic countries -----	14	.1
Total -----	36	.2	Total -----	83	.5
Africa -----	-	-	Africa -----	5/	4/
Oceania -----	-	-	Oceania -----	-	-
Grand total -----	16,109	100.0	Grand total -----	16,743	100.0

^{1/} The Guatemalan monetary unit, the quetzal, is equivalent to the United States dollar.

^{2/} Domestic exports. Gold and silver bullion and specie are included. Parcel post is included. Transit trade is excluded. Values are f.o.b. Guatemalan port or frontier, excluding export duties. (Beginning in 1940 export duties are included.)

^{3/} General imports. Bullion, specie, and parcel post are included. Transit and transshipment trade is excluded. The grand total of imports includes overseas imports on the basis of foreign values, imports by land, by parcel post, and by air, but does not include additional 25 percent of the foreign value of imports to cover the charges for freight, insurance, commission, etc.

^{4/} Less than one-tenth of 1 percent.

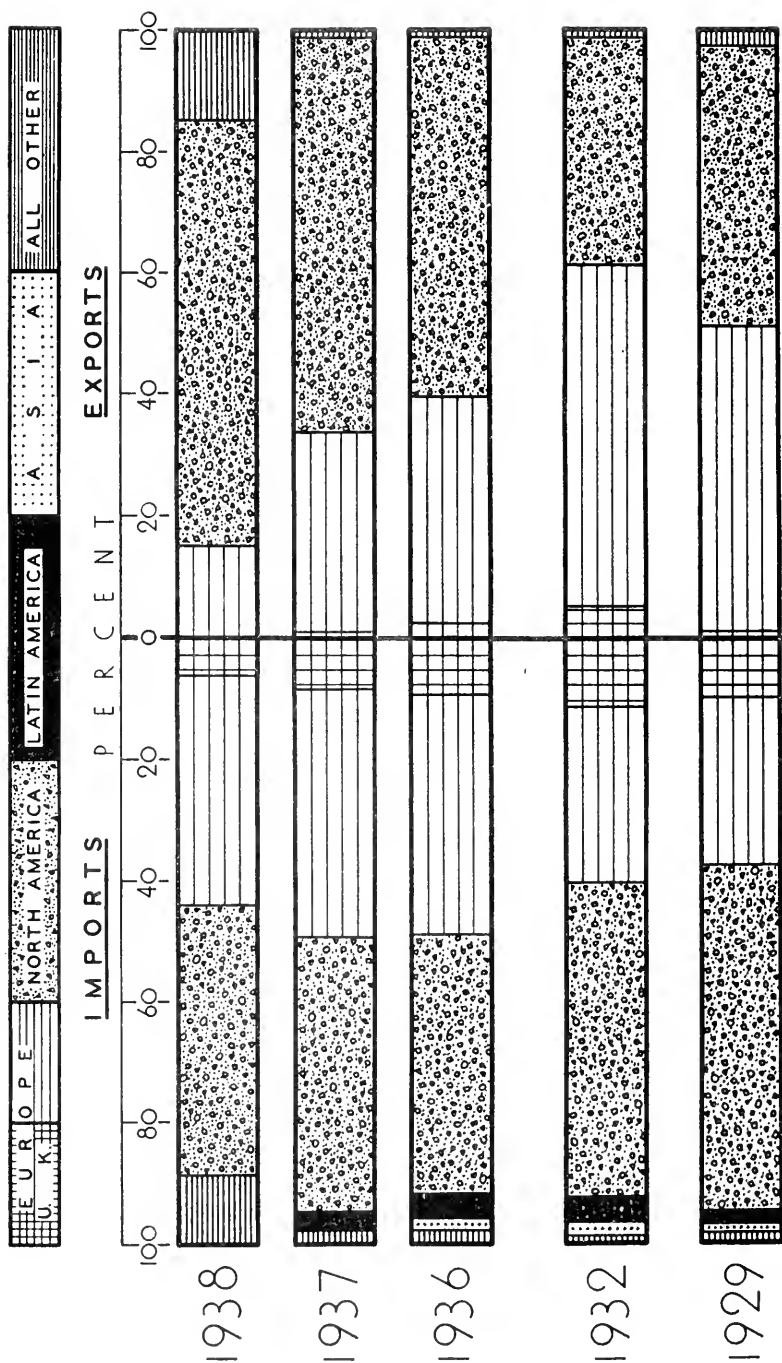
^{5/} Less than \$500.

Source: Compiled by the U. S. Tariff Commission from Memoria de los Labores del Ejecutivo en el Ramo de Hacienda y Crédito Público.

GUATEMALA

PERCENTAGE DISTRIBUTION OF IMPORTS AND EXPORTS

1929, 1932, 1936-1938



In the decade 1929-38, nearly nine-tenths of all shipments of coffee from Guatemala went to four countries - the United States, Germany, Sweden, and the Netherlands. In 1929 and 1932 Germany was the leading purchaser of coffee, taking, respectively, 49 percent and 38 percent of the total quantity exported. The United States ranked second in these years, with 35 percent and 27 percent, respectively. In the period 1936-38, however, the United States was the principal market for Guatemalan coffee, its share increasing from 48 to 59 percent of the total. German purchases of coffee were substantially smaller in 1936 than in either 1929 or 1932; in the 3 years 1936-38 the German share in the coffee trade declined from 25 percent to 20 percent. Minor markets for this product, in addition to those already mentioned, were Norway, France, Denmark, Poland, Czechoslovakia, and Finland.^{1/} All these European markets are now (1941) closed as a result of the war, and practically all Guatemalan exports of coffee go to the United States.^{2/}

Virtually all exports of bananas from Guatemala go to the United States. In the period 1929-38 from 92 to 99 percent of all bananas were shipped to this market, except in 1932, when the proportion was 62 percent.^{2/} All exports of chicle from Guatemala are now shipped to the United States. In 1929 the proportion coming to this market, as

^{1/} For detailed statistics of Guatemalan exports of coffee, by countries of destination, in specified years, 1929 to 1938, see part III of this report, p. 102.

^{2/} See the section on "Natural resources and economy" for a discussion of the Inter-American Coffee Agreement, and the restriction of coffee planting in Guatemala.

^{3/} See part III of this report, p. 24.

recorded in the Guatemalan statistics, was 30 percent; in 1932 it was 62 percent. In the period 1936-38, however, all exports of chicle went to the United States.^{1/}

Germany, the Netherlands, and the United Kingdom in the past have been the chief purchasers of Guatemalan honey. In 1938 Germany occupied first place with 53 percent of the total, in terms of value, followed by the United Kingdom with 20 percent, and the Netherlands with 19 percent.

Sugar exported by Guatemala in recent years has gone to a number of different markets. In 1936 Uruguay was the principal purchaser (71 percent), and the United States, second (29 percent). In 1937, however, the United States occupied first place (36 percent), followed by Uruguay (33 percent), and Germany (22 percent). In 1938 the Netherlands was the principal destination of sugar, taking 73 percent of the total value; the remainder was shipped to the United States.

Of the remaining Guatemalan export commodities in 1938, the United States took 85 percent of the mahogany, cedar, and other fine woods (in terms of value); 96 percent of the seeds, bulbs, and roots; 96 percent of the empty tanks and cylinders;^{2/} 72 percent of the essential oils; and all of the gold. Exports of cattle hides in 1938 went to Germany (94 percent) and to the Netherlands (6 percent). Germany was the principal purchaser of cacao (70 percent); the remainder went to the United States. Zacatón root was shipped to Germany (53 percent), Cuba (22 percent), and France (16 percent). Practically all exports of live animals from Guatemala go to El Salvador and Honduras.

^{1/} See part III of this report, p. 72. It is possible that in 1929 and 1932 quantities of chicle were exported from Guatemala to British Honduras, and thence reexported to the United States.

^{2/} These apparently are tanks imported into Guatemala, charged with various gases, and returned to the country of origin.

Imports into Guatemala.

Trend. - The most significant features of Guatemala's import trade in the period 1929-39 were the decline of the United States as a source of imports through 1938, the increase in imports from Germany through that year, and the revival of the importance of the United States in 1939. Imports into Guatemala from all countries and from the United States, in the period 1924-39, have already been shown in tables 1 and 2.^{1/}

The year 1929, the earliest shown in the subsequent detailed tables, was not a peak year in imports either from the world or from the United States, having been exceeded slightly in each case in 1928.^{2/} The value of imports from the world in 1929, however, exceeded the annual average value of imports in the 5 years 1924-28 by 18 percent. Imports from the United States in 1929 exceeded the annual average for the 5 years by 15 percent.

Total imports into Guatemala^{3/} in 1929 were valued at 30.4 million dollars. They declined sharply to 7.5 million dollars in 1932, or about 25 percent of the 1929 value. After 1932 imports increased

^{1/} In table 1 two totals are shown for imports in all years. This is a result of the method employed in determining the value of imports. To the declared foreign values there is added 25 percent, an amount estimated to cover the charges for freight, insurance, commissions, and other charges. The Guatemalan statistics do not, however, show imports by country of origin with the addition of this 25 percent, and the figures for imports from the United States in table 2, and for all countries shown in tables 5 and 6, are exclusive of the 25 percent. The figures and percentages shown for individual import commodities in table 7 are also exclusive of the 25 percent for freight, insurance, commissions, and other charges.

^{2/} For purposes of comparability, based on values exclusive of the 25 percent additional. See footnote 1.

^{3/} Including the 25 percent additional for freight, insurance, and commissions.

regularly, reaching 21 million dollars in 1938, or 69 percent of the 1929 level. In 1939 they declined to 19.1 million dollars.^{1/}

Composition. - The import trade of Guatemala consists of a wide range of manufactured products, raw materials, and foodstuffs. By far the major part of imports consists of manufactured products, the ratio of which to the value of total imports rose from 71 percent in 1932 to 80 or 81 percent in each of the 4 years 1936-39. Imports into Guatemala, by groups and principal commodities, 1936-39, are shown in table 7. Because of changes in the Guatemalan import classifications, it has been impracticable to provide corresponding data for 1929 and 1932.

Imports of all groups listed in table 7 increased substantially in value in 1937 as compared with 1936. Of these groups, imports of manufactures and of foodstuffs, beverages, and condiments declined in value from 1937 to 1939. Imports in the group of raw and simply prepared materials, however, continued to increase, while gold and silver and live animals increased in value in 1938 as compared with 1937, and declined in 1939. For these principal groups, the ratios of the dollar values of imports in 1939 to those in 1936 were as follows: Manufactures, 134 percent; raw and simply prepared materials, 134 percent; foodstuffs, beverages, and condiments, 117 percent; gold and silver bullion and specie, 380 percent; and live animals, 104 percent.

^{1/} Price and quantum indexes of Guatemalan imports are not available.

Table 7. - Guatemala: Imports,^{1/} by groups, principal subgroups, and commodities, 1936-39

	1936				1937				1938				1939			
	Value	Percent	of total	Value	Value	Percent	of total	Value	Value	Percent	of total	Value	Value	Percent	of total	Value
	imports	imports	imports	imports	imports	imports	imports	imports	imports	imports	imports	imports	imports	imports	imports	imports
Commodity group, subgroup, or commodity ^{2/}																
Grand total, including 25 percent for freight, insurance, commissions, and other charges	14,390	-	-	20,929	-	-	-	20,952	-	-	-	19,120	-	-	-	-
Grand total	11,512	100.0	100.0	16,743	100.0	100.0	100.0	16,761	100.0	100.0	100.0	15,296	100.0	100.0	100.0	100.0
Manufactures	9,196	79.9	13,647	81.5	13,601	81.2	12,305	80.5	1,479	12.8	2,060	12.3	1,407	8.4	2,252	14.7
Cotton fabrics, plain	104	.9	622	3.7	2,053	12.3	1,474	9.6	204	1.8	1,328	7.9	956	5.7	938	6.1
Iron and steel pipe and fittings	578	5.0	861	5.1	498	3.0	500	3.3	25	.2	91	.5	302	1.8	351	2.3
Locomotives and railway materials	402	3.5	494	2.9	351	2.1	313	2.0	206	1.8	333	2.0	297	1.8	261	1.7
Motor vehicles	206	1.8	311	1.9	350	2.1	276	1.6	5	.0	4	.0	350	2.1	276	1.6
Pumps, elevators, and windmills	191	1.7	243	1.5	248	1.5	239	1.6	174	1.5	255	1.5	211	1.3	222	1.5
Thread, cotton	173	1.5	180	1.1	181	1.1	183	1.2	173	1.5	180	1.1	181	1.1	183	1.2
Structural iron and steel	200	1.7	219	1.3	192	1.1	176	1.2	110	1.0	281	1.7	172	1.0	175	1.1
Fungicides for agriculture	80	.7	119	.7	129	.8	162	1.1	119	.7	119	.7	129	.8	162	1.1
Medicines, prepared, for internal use	119	1.0	208	1.2	187	1.1	154	1.0	194	1.7	210	1.3	204	1.2	148	1.0
Iron and steel, forged, drawn, or rolled	67	.6	109	.7	133	.8	143	.9	49	.4	88	.5	118	.7	137	.9
Leather	153	1.3	72	.4	151	.9	127	.8	134	1.2	235	1.4	154	.9	125	.8
Outer clothing, wearing apparel, and miscellaneous articles of clothing, and for personal use	127	1.1	156	.9	161	1.0	121	.8	127	1.1	156	.9	161	1.0	121	.8
Industrial machinery and accessories	68	.6	107	.6	106	.6	117	.8	68	.6	107	.6	106	.6	117	.8
Tires and inner tubes for vehicles	151	1.3	145	.9	112	.7	114	.7	71	.6	86	.5	89	.5	99	.6
Apparatus for telegraphy, telephony, and television, and accessories	41	.4	120	.7	103	.6	118	.8	41	.4	120	.7	103	.6	118	.8
Matches and vestas (wax matches)	134	1.2	235	1.4	154	.9	125	.8	134	1.2	235	1.4	154	.9	125	.8
Electrical machinery, apparatus, and material	127	1.1	156	.9	161	1.0	121	.8	127	1.1	156	.9	161	1.0	121	.8
Engineering machinery and accessories	68	.6	107	.6	106	.6	117	.8	68	.6	107	.6	106	.6	117	.8
Fabrics, artificial silk, plain	151	1.3	145	.9	112	.7	114	.7	71	.6	86	.5	89	.5	99	.6
Bags and sacks, empty, of jute and other vegetable fibers	41	.4	120	.7	103	.6	118	.8	41	.4	120	.7	103	.6	118	.8
Agricultural tools	134	1.2	235	1.4	154	.9	125	.8	134	1.2	235	1.4	154	.9	125	.8
Spare parts and accessories for motor vehicles	127	1.1	156	.9	161	1.0	121	.8	127	1.1	156	.9	161	1.0	121	.8
Fabrics, wool and other animal fiber, plain	68	.6	107	.6	106	.6	117	.8	68	.6	107	.6	106	.6	117	.8
Paints, prepared	151	1.3	145	.9	112	.7	114	.7	71	.6	86	.5	89	.5	99	.6
Paraffin, ceresine, and ozokerite, pure or simply colored	41	.4	120	.7	103	.6	118	.8	41	.4	120	.7	103	.6	118	.8

See footnotes at end of table.

Table 7. - Guatemala: Imports, by groups, principal subgroups, and commodities, 1936-39-Continued

Commodity group, subgroup, or commodity ^{2/}	1936			1937			1938			1939		
	Value	Percent of total imports		Value	Percent of total imports		Value	Percent of total imports		Value	Percent of total imports	
(Value in thousands of U. S. dollars) ^{2/}												
Manufactures - continued												
Tools, for artisans	55	.5		94	.6		93	.6		89	.6	
Kitchen utensils and tableware of iron and steel	113	1.0		97	.6		107	.6		70	.5	
Cotton articles for domestic use	63	.5		105	.6		77	.5		86	.4	
Bottles of all kinds, except thermos	27	.2		73	.4		179	1.1		50	.3	
Raw and simply prepared materials	1,257	10.9		1,501	9.0		1,647	9.8		1,688	11.0	
Gasoline and naphtha	383	3.3		429	2.6		431	2.6		456	3.0	
Petroleum, crude	303	2.6		241	1.4		329	2.0		310	2.0	
Cotton, crude and ginned	144	1.2		167	1.0		123	.7		133	.9	
Lubricating oils	58	.5		84	.5		80	.5		116	.8	
Kerosene, and similar combustible oils	107	.9		159	.9		100	.6		105	.7	
Fertilizers of all kinds	107	.9		71	.4		140	.8		99	.6	
Foodstuffs, beverages, and condiments	988	8.6		1,477	8.8		1,308	7.8		1,160	7.6	
Wheat flour	419	3.6		545	3.3		489	2.9		354	2.3	
Whisky, bottled	85	.7		99	.6		101	.6		89	.6	
Vegetable oils and fats, except peanut, cacao, and nutmeg butter	22	.2		55	.3		75	.4		73	.5	
Lard	5	.4		59	.4		55	.3		49	.3	
Gold and silver bullion and specie and bank notes	25	.2		42	.3		105	.6		95	.6	
Live animals	45	.4		73	.4		98	.6		47	.3	
Art objects, antiquities, and collections	1	.4		3	.4		2	.4		1	.4	
Plus 25 percent to cover freight, insurance, commissions, and other charges	2,878			4,186			4,191			3,824		

^{1/} General imports. Bullion, specie, and parcel post are included. Transit and transshipment trade is excluded. Imports into warehouse are included in imports on arrival. Values are declared values. The values shown for imports, by sec., are f.a.s. (free alongside ship), port of shipment, plus 25 percent to cover freight, insurance, commissions, and other charges, up to the Guatemalan port, and excluding the consular fees. This 25 percent is not distributed among the items in the detail, but is shown as one figure at the bottom of the table.

^{2/} The Guatemalan monetary unit, the quetzal, is equivalent to the United States dollar. Classifications employed in this table are those given in the Guatemalan import statistics for 1939. Groups are ranked according to value in 1939.

^{4/} Less than one-tenth of 1 percent.

Source: Compiled by the U. S. Tariff Commission from Memoria de los Labores del Ejecutivo en el Ramo de Hacienda y Crédito Público.

Six items in the manufactured products group accounted for more than one-third of the value of all imports in 1939. These were plain cotton fabrics (15 percent); iron and steel pipe and fittings (10 percent); locomotives and railway materials (6 percent); motor vehicles (3 percent); pumps, elevators, and windmills (2 percent); and cotton thread (2 percent). No one of the remaining commodities shown in the manufactured products group in 1939 accounted for as much as 2 percent of total imports, in terms of value. The other manufactures listed in table 7 include all those representing one-half of 1 percent or more in 1938, and cover a wide range of products. Some of the more important are structural iron and steel; prepared medicines; forged iron and steel; matches; apparatus for telegraphy, telephony, television, and accessories; leather; bottles; agricultural tools; and bags and sacks of jute and other vegetable fibers.

Raw and simply prepared materials constituted from 9 to 11 percent of all imports into Guatemala in the period 1936-39. The most important commodities in this group are gasoline and naphtha (3 percent in 1939), and crude petroleum (2 percent in 1939). Other products included crude and ginned cotton; lubricating oils; kerosene and similar combustible oils; and fertilizers of all kinds.

Foodstuffs, beverages, and condiments have accounted for fairly stable proportions of total imports into Guatemala in recent years, ranging between 8 and 9 percent in the period 1936-39. Wheat flour, the most important single commodity, declined, however, from nearly 4 percent in 1936 to somewhat more than 2 percent in 1939. Other

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products in this group include bottled whisky, vegetable oils and fats, and lard.

The remaining Guatemalan import groups are gold and silver; live animals; and art objects, antiquities, and collections. In 1939, these three groups constituted approximately 1 percent of the value of total imports.

Sources. - In 1938 the leading sources of imports into Guatemala, with the share of the total value supplied by each country, were the United States, 45 percent; Germany, 35 percent; and the United Kingdom, 6 percent. Other suppliers in 1938 included France, Belgium, Sweden, Peru, Italy, the Netherlands, and Japan. Imports into Guatemala from selected countries, in specified years, 1929 to 1939, have already been shown in table 5. More detailed data for 1937 have been shown in table 6.

The United States was the principal supplier of Guatemalan imports in the period 1929-39; its share in the trade declined from 55 percent of the total value in 1929 to 45 percent in 1938, and increased to 54 percent in 1939. The value of imports from the United States varied from 3 million dollars (1932) to 13.6 million dollars (1929); in 1939 it amounted to 8.3 million dollars. The share of Germany increased irregularly from 14 percent in 1929 to 35 percent in 1938, and declined to 27 percent in 1939. Purchases from Germany ranged in value from 705 thousand dollars (1932) to 5.9 million dollars (1938), and in 1939 were 4.1 million dollars. The shares of the value of total imports supplied by the United Kingdom, France, Italy, and Japan declined irregularly in the period 1929-39; except

for the United Kingdom, these countries are relatively unimportant factors in the Guatemalan import trade. The share of the United Kingdom, which was 9 percent in 1929 and 10 percent in 1932, declined from 9 percent in 1936 to less than 4 percent in 1939. In value, Guatemalan purchases from the United Kingdom in the decade 1929-38 varied from 615 thousand dollars (1932) to 2.3 million dollars (1929); in 1939 they amounted to 568 thousand dollars.^{1/}

Imports into Guatemala from other countries of Latin America are fairly substantial. In 1937, for example, they were valued at 772 thousand dollars, or 4.6 percent of total imports. The principal Latin American sources of imports into Guatemala are Mexico, Peru, and Honduras.

Textiles and manufactures imported into Guatemala in the period 1935-37 originated principally in Germany, the United States, and the United Kingdom; minor suppliers were Japan, Italy, France, Nicaragua, the Netherlands, and Czechoslovakia. In 1937,^{2/} Germany was the leading supplier of cotton fabrics, the principal item in this group, with nearly two-fifths of the total, in terms of value. The United Kingdom ranked second with nearly one-third, followed by the United States with about one-fifth. Germany in 1937 was also the principal source of cotton yarn and thread (56 percent); wool fabrics (58 percent); rayon fabrics (37 percent); jute, cotton, or mixed bags (49 percent); and hosiery (68 percent). The United States led in furnishing raw cotton in 1937, with nearly three-fourths of the total,

^{1/} For the value of purchases from Italy, France, and Japan, see table 5.

^{2/} The latest year for which data are readily available.

on the basis of value; most of the remainder came from Nicaragua. In 1937, the United States also was the principal source of Guatemala's imports of cotton, wool, silk, rayon, and linen clothing, and hats and caps.

Germany was the chief supplier of iron and steel and manufactures in 1935-36; the United States and Belgium occupied second and third positions. In 1937 the United States ranked first with 56 percent of the total (in terms of value), followed by Germany with 40 percent.

In 1937 the United States and Germany together supplied nearly all Guatemalan imports of machinery and tools, railway and tramway material and supplies, and automotive vehicles, parts and accessories. In this year the United States furnished three-fifths of the value of machinery and tools, more than one-half of the railway and tramway material, and about three-fourths of the automotive vehicles and automotive parts and accessories.

In the past, Guatemalan imports of chemical products originated chiefly in the United States and Germany. In 1937, the United States provided about one-half of the value of chemicals, pharmaceuticals, and medicinal preparations, more than three-fourths of the prepared paints, more than one-half of the soap, and one-third of the perfumes and cosmetics. Germany was the source of about one-fourth of the soap and chemicals, pharmaceutical and medicinal preparations, and more than one-fourth of the perfumes and cosmetics. France occupied second place in perfumes and cosmetics with more than 30 percent of the total. Fertilizers came principally from Germany (56 percent), the United States (25 percent), and Belgium (11 percent).

Of the various foodstuffs imported into Guatemala in 1937, wheat flour came principally from the United States (92 percent); alcoholic beverages from the United Kingdom (59 percent) and France (20 percent); animal lard from the United States (61 percent) and the Netherlands (36 percent); and vegetable lard from the Netherlands (49 percent), the United States (27 percent), and the United Kingdom (22 percent).

Mexico was the principal supplier of crude petroleum and of gasoline and naphtha in 1935-36, and the United States of lubricating oils. In 1937, however, the United States led in furnishing imports of crude petroleum, with more than four-fifths of the total, in terms of value; it also supplied nearly nine-tenths of the lubricating oils. Peru occupied first place as the supplier of gasoline and naphtha, with 46 percent of the total, followed by the United States with 27 percent and Mexico with 15 percent.

Of the remaining Guatemalan import groups, Germany in 1937 supplied more than one-third of the paper and cardboard and manufactures (in terms of value), nearly one-half of the leather and manufactures, nearly three-fourths of the glass and glassware, and three-fifths of the cement. The United States ranked second in all these groups, and also supplied nearly three-fourths of the rubber and manufactures, nearly two-thirds of copper, brass, bronze, and manufactures, more than half of the motion-picture films, and all of the wood. All matches imported into Guatemala originate in Sweden.

United States Trade with Guatemala

United States trade with Guatemala is conditioned chiefly by the output of, and the markets for, coffee and bananas, the country's two principal income-producing commodities. In recent years, the production and export of bananas have increased appreciably, as new acreage has been brought under cultivation to offset the loss of production in areas affected by plant disease. Moreover, the United States has greatly expanded its consumption of Guatemalan bananas and coffee, and has invested considerable amounts of new capital in Guatemalan banana plantations; as a result, the value of United States imports from and exports to Guatemala has risen materially.

Trend of United States-Guatemalan trade.

The United States market for Guatemalan bananas and coffee, constituting all but a small part of total imports from that country, has fluctuated greatly in the last 15 years. In the period 1924-28, when the prices of bananas and coffee were high, total imports from Guatemala averaged 11.1 million dollars annually. They declined to 3.5 million dollars in 1933, but since then, chiefly because of a marked increase in shipments of bananas, they have risen steadily; in 1939 they reached 10.7 million dollars, or only slightly less than the level of predepression years. The growth of trade has been continued into the war period. In the 12 months following the outbreak of war in Europe (September 1939) imports amounted to 12 million dollars, and in the calendar year 1940, to 11.1 million. Because of the recent rise in imports, Guatemala's share in total United States imports from Latin America has also increased (see table 8).

Exports from the United States to Guatemala have also risen in recent years. They reached a recovery peak of 8.6 million dollars in 1939, compared with 2.8 million in 1932, and an average of 10.6 million in the period 1924-28. After the outbreak of the European war they increased further; during the first 12 months of the war they were one-fourth greater than in the previous 12 months (see table 8). A considerable part of the increased trade is attributable to the recent installation of spraying equipment on banana plantations to combat plant disease, and, since the outbreak of the war, to the diversion of purchases from European sources.

Table 8. - United States imports from and exports to Guatemala, 1924-40, and in the 12-month periods September-August 1938-39 and 1939-40

(Value in thousands of dollars)					
Year	General imports			Exports (incl. reexports)	
	: Percent of total :			: Percent of total :	
	: United States :			: United States :	
	Value	imports from	Latin America	Value	exports to
					Latin America
1924 -----	10,089	1.0		8,824	1.2
1925 -----	11,338	1.1		9,382	1.1
1926 -----	14,491	1.4		11,088	1.3
1927 -----	10,179	1.1		10,632	1.3
1928 -----	9,561	1.0		13,314	1.6
1929 -----	8,470	.84		11,525	1.3
1930 -----	7,401	1.1		7,305	1.2
1931 -----	4,651	.97		5,196	1.7
1932 -----	4,501	1.4		2,820	1.5
1933 -----	3,484	1.1		3,097	1.4
1934 -----	4,543	1.2		4,070	1.3
1935 -----	6,144	1.3		3,918	1.1
1936 -----	8,364	1.7		4,553	1.2
1937 -----	9,611	1.4		7,612	1.3
1938 -----	9,529	2.1		6,861	1.4
1939 -----	10,725	2.1		8,574	1.5
1940 <u>1/</u> -----	11,091	1.8		9,117	1.3
12 mos.- Sept.-					
Aug. <u>1/</u>					
1938-39 -----	10,945	2.3		7,531	1.5
1939-40 -----	11,961	1.9		9,456	1.3
Percent change	+9.3			+25.6	

1/ Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States imports from Guatemala.

Composition. - Approximately 90 percent of the imports from Guatemala are accounted for by bananas and coffee, the remainder being mainly crude chicle and hardwood logs. Until recently, coffee was the principal commodity imported from Guatemala, but because of increasing imports of bananas, chicle, and hardwood logs, its share in the trade has declined. In 1939 coffee represented 40 percent of the total imports, as compared with 60 percent in 1932, whereas imports of bananas increased from 38 percent in 1932 to 49 percent of the total in 1939; in that year their value exceeded that of imports of coffee by nearly 1 million dollars (see table 9).

Bananas. - Guatemala is the third largest source of United States imports of bananas, being exceeded only by Mexico and Honduras. In 1939 Guatemala supplied 17 percent of total United States requirements. Imports of bananas from Guatemala have increased greatly in quantity and value in recent years; in 1939 they totaled 9.6 million bunches, valued at 5.2 million dollars, compared with only 3.3 million bunches, valued at 1.7 million dollars in 1932 (see table 9). Though part of this increase is attributable to the recovery in demand in the United States, it is principally the result of greatly increased production in Guatemala. Serious damage caused by disease in producing areas on the Atlantic coast led to rapidly expanding cultivation on the Pacific coast after 1936; the total acreage under cultivation in Guatemala has increased sharply since that year.^{1/} Severe windstorms in June and December 1940, however, resulted in considerable damage to

^{1/} The United Fruit Company, which exports most of Guatemala's bananas, increased the area under its cultivation from 16,200 acres at the end of 1936 to 34,500 acres at the end of 1939.

both Pacific and Atlantic coast plantations, and since then shipments to the United States have been materially reduced.

Coffee. - United States imports of coffee from Guatemala, the fifth largest source, have also increased greatly, having risen from 21.5 million pounds in 1929 to 56.4 million pounds in 1939. Because of low prices, the value of the trade has not exceeded that of pre-depression years, despite the increased volume (see table 9). The growing demand for Guatemalan coffee is a reflection not only of increased per capita consumption of all coffees in the United States, but also of the more rapid increase in the consumption of "mild" coffees (from Central American countries, Colombia, and Venezuela), which differ from the "strong" varieties constituting most of United States imports.

Under the Inter-American Coffee Agreement, effective for 3 years, October 1, 1940-October 1, 1943, basic quotas were adopted for allocating among the signatory coffee-producing countries exports to the United States and to all other consuming countries. According to the agreement, annual imports of coffee into the United States are to be limited to approximately 2.1 billion pounds (or 15.9 million bags of 60 kilos), of which 70.8 million pounds, or 3.4 percent, may be entered from Guatemala.^{1/} The agreement permits an increase in Guatemala's share in total United States imports of coffee, the quota for Guatemala being somewhat larger than recent imports from that country (see table 9).

Other products. - In the last few years Guatemala has become a substantial secondary supplier of United States imports of chicle, used in making chewing gum. In 1932 no imports of chicle came from

^{1/} Effective June 1, 1941, the Inter-American Coffee Board increased the total quantity of coffee permitted entry into the United States, raising the Guatemalan quota to nearly 72 million pounds.

Guatemala, but in 1939 they amounted to 2 million pounds (valued at 697 thousand dollars) and represented 14 percent of total United States imports. Mexico remained the principal source, supplying 75 percent of the total. The increase in imports from Guatemala is attributable principally to a revival there of the collection of chicle, which in an earlier period had been large.

In recent years Guatemala has also become a leading supplier of certain imported hardwoods, the principal varieties being *lignum vitae* used chiefly in shipbuilding, and *prima vera*, used in making furniture. United States imports of *lignum vitae*, more than one-half of which came from Guatemala in 1939, are utilized principally as bearings for propeller shafts of ships; the extreme density, toughness, and self-lubricating qualities of *lignum vitae* make it the only satisfactory material for this special purpose. Imports have increased greatly in the last 2 years, partly because of increased shipbuilding requirements (see table 9).

Dutiable status of imports. - Inasmuch as bananas, coffee, chicle, and hardwood logs are on the free list, practically all of United States imports from Guatemala enter free of duty. In the trade agreement with Guatemala, effective June 15, 1936, the duty on honey was reduced from 3 cents per pound to 2 cents; it was further reduced to $1\frac{1}{2}$ cents per pound in the second trade agreement with Canada, effective January 1, 1939. The duties on pineapples, prepared guavas, not specially provided for, and guava and mango pastes and pulps were bound against increase at the rates to which they previously had been reduced in the agreement with Haiti, effective June 3, 1935. The duty-free status of bananas, coffee, and hardwood logs was also bound.

Table 2. - United States imports for consumption from Guatemala of principal commodities, in specified years, 1929 to 1939

Commodity	1929	1932	1936	1937	1938	1939 ^{1/}
	Unit		Quantity			
Bananas, green or ripe	1,000 bunches	7,260	3,286	6,713	8,874	9,175
Coffee, raw or green	1,000 pounds	21,550	27,198	55,208	55,948	55,910
Chicle, crude	do.	-	-	626	1,276	1,623
Hardwood logs:						
Lignum vitae	M board feet	6	4	15	32	105
Other (in large part prima vera)	do.	28	93	172	461	361
						687
	Tariff status	Value (1,000 dollars)				
Bananas, green or ripe	Free	3,756	1,701	3,390	4,424	4,594
Coffee, raw or green	Free	4,535	2,709	4,612	4,529	4,094
Chicle, crude	Free	-	-	139	346	532
Hardwood logs:						
Lignum vitae	Free	2	1	3	8	23
Other (in large part prima vera)	Free	17	10	17	53	40
						89
Imports of commodities shown		8,310	4,421	8,161	9,360	9,283
Total imports from Guatemala		2/8,470	2/4,501	8,377	9,606	9,530
Principal imports (shown above) as percent of total value		98.1	98.2	97.4	97.4	97.4
						92.1
^{1/} Preliminary.						
^{2/} General imports.						

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States exports to Guatemala.

The composition of United States exports to Guatemala, largely a nonindustrial country, is similar to that of exports to most Central American countries, chiefly manufactured products. The principal groups of products are machinery and vehicles, metals and manufactures, and textile manufactures (see table 11). Exports to Guatemala are as diverse as those to other Latin American countries; the leading commodities, shown in table 12, aggregated less than one-half of total export values in 1939. Among these were cotton cloth, wheat flour, copper sulphate, fuel oil, centrifugal pumps, cotton sheetings, gasoline, passenger cars, and motor trucks.

The most outstanding factors affecting recent exports to Guatemala have been the efforts of banana producers to combat the ravages of the plant disease on the east coast, the development of new banana-producing acreage on the Pacific coast, and extension of the Guatemalan railroad system. Substantial quantities of capital equipment and supplies have been shipped to Guatemala to counteract the plant disease. Exports to Guatemala of copper sulphate, the principal constituent of the fungicide periodically sprayed upon the plants, increased in value from only a few hundred dollars in 1936 to 291 thousand dollars in 1939. The installation and operation of permanent spraying equipment also resulted in greatly increased shipments from the United States of pumps, fuel oil used in their operation, and pressure pipe utilized for distributing the fungicide. Because of increased railroad construction in Guatemala, exports of railroad ties, rails, and other track material rose sharply in 1937; shipments of locomotive and railway car parts also increased (see table 12).

Other exports which have been appreciably larger in recent years include raw cotton, gasoline, steel bars and sheets, metal drums, household refrigerators, and radio apparatus. The quantity of raw cotton shipped to Guatemala in 1939 was more than double that of the previous decade; the increased exports of raw cotton, and the accompanying decreased trade in cotton cloth, reflect the growth of Guatemala's textile industry.

Table 11. - United States exports (domestic merchandise) to Guatemala by groups of commodities, in 1938 and 1939

(In thousands of dollars)

Groups of commodities	1938	1939 ^{1/}
Animals and animal products, edible, total -----	153	165
Animals and animal products, inedible, total -----	152	202
Leather -----	104	152
Vegetable food products and beverages, total -----	659	633
Wheat flour -----	444	377
Vegetable products, inedible, except fibers and wood, total -----	172	208
Textile fibers and manufactures, total -----	900	1,403
Raw cotton -----	86	110
Cotton manufactures -----	602	959
Wood and paper, total -----	475	483
Railroad ties, creosoted or other preserved -----	317	309
Paper and manufactures -----	83	129
Nonmetallic minerals, total -----	675	946
Refined mineral oils -----	491	681
Metals and manufactures, except machinery and vehicles, total -----	1,118	1,505
Iron and steel mill products -----	669	892
Advanced manufactures of iron and steel -----	324	421
Machinery and vehicles, total -----	1,616	1,870
Electrical machinery and apparatus -----	404	340
Industrial machinery -----	539	764
Automobiles, parts and accessories -----	334	410
Chemicals and related products, total -----	643	772
Medicinal and pharmaceutical preparations -----	134	168
Chemical specialties -----	275	362
Pigments, paints, and varnishes -----	112	111
Miscellaneous -----	273	323
Total exports -----	6,836	8,510

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Table 12. - United States exports (domestic merchandise) to Guatemala of principal commodities, in specified years, 1929 to 1939

		(Value in thousands of U. S. dollars)																					
Commodity	Unit of quantity	1929		1930		1931		1932		1933		1934		1935		1936		1937		1938		1939	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Lard, including neutral lard	1,000 lbs.	3,271	44.8			1,359	93	2/	294	38	50.3	47	687	47									
Wheat flour, wholly of United States wheat (196 lbs.)	do.	185	1,208	118	427			194	86	450	93	391	96	326									
Other wheat flour	do.					26	125		18	117	11	53	13	51									
Automobile tire casings	Number	6,723	125	2,393	29	3,156	40	5,904	85	3,493	54	3/ 5,432	3/ 81										
Raw cotton, except lintners, Upland, under 1-1/8 inches	1,000 lbs.	5/ 484	5/ 93	266	17	559	75	1,061	124	860	84	1,165	108										
Cotton sheetings, unbleached (gray)	1,000 sq. yds.	3,053	312	3,514	163	2,444	167	2,603	206	2,936	173	4,182	239										
Cotton cloth bleached, dyed, printed and colored yarn fabrics	do.	6,669	964	2,782	249	1,835	248	1,528	224	2,199	255	4,093	470										
Shirts	100 doz.	158	153	34	23			35	38	33	35	39	42										
Railroad ties, creosoted or otherwise preserved	Thousands	49	51	6	5	23	13	149	14.3	312	317	5/ 4,280	126										
Gasoline and other petroleum motor fuel	1,000 bbls.	7/ 14	7/ 98	37	63	37	131	58	196	43	135	70	202										
Illuminating oil (kerosene)	do.	4	33	4	19	5	27	8	43	12	57	16	77										
Gas oil and distillate fuel oil	do.	8/ 281	8/ 248	3	1	10	23	10	39	6	21	27	57										
Residual fuel oil	do.			85	76	150	126	292	236	229	200	288	199										
Lubricating oil, red and pale	do.	3	55	1	17	2	50	6	56	3	44	5	72										
Paraffin wax, refined	1,000 lbs.	2,113	116	2,955	88	2,668	106	2,364	91	2,426	85	2,116	81										
Steel bars, not containing alloy	Sh. tons	346	21	56	3	2/ 140	2/ 8	826	47	2/ 1,248	2/ 65	2/ 2,302	2/ 105										
Steel sheets, galvanized	do.	10/	10/	97	6	299	19	1,164	105	1,097	92	1,908	150										
Structural shapes, fabricated	Tons	1,705	127	43	3	568	48	440	55	577	51	423	35										
Railway track material:																							
Rails, 60 pounds and over per yard	do.	11/ 409	11/ 12	10/	-	1,599	28	6,191	14.5	770	22	142	7										
Relaying rails	do.			10/	10/			1,768	4.5	-	-	-	-										
Rails, joints, splice bars, fish plates, and tie plates	Sh. tons	318	15	-	-	207	9	1,026	44	1,671	32	220	10										
Cast-iron pressure pipes and fittings	do.	81	4	436	10	334	18	5,245	195	1,119	68	885	50										
Welded galvanized pipe, steel	do.	10/	10/	15	2	52	5	1,438	122	346	37	668	58										
Car wheels, tires, and axles	do.	120	11	78	4	498	18	744	31	644	46	578	34										
Miscellaneous cutlery and parts	do.	-	33	-	11	-	20	-	37	-	36	-	44										
Metal drums and containers for oil, gas, and other liquids	do.	10/	10/	-	17	-	23	-	14	-	67	-	116										
Miscellaneous iron and steel manufactures	do.	-	88	-	8	-	29	-	38	-	74	-	55										
Household refrigerators	Number	10/	10/	17	2	236	19	438	40	329	32	435	43										
Radio transmitting sets, tubes, and parts	do.	-	6	-	4	-	4	-	64	-	87	-	7										
Radio receiving sets	Number	126	8	915	34	2,240	82	2,299	83	2,121	73	3,202	79										
Locomotive parts and accessories	do.	-	-	-	2	-	24	-	41	-	30	-	31										
Centrifugal pumps	Number	2	2/	4	1	10	1	22	19	40	82	80	242										
Reciprocating power pumps	do.	185	15	11	1	13	3	45	28	21	49	15	46										
Pumps, (other than centrifugal, reciprocating, rotary, and hand and windmill pumps) and parts	do.	-	-	-	1	-	2	-	-	-	-	-	-										
		-	3	-	-	-	2	-	12	-	133	-	14										

See footnotes at end of table.

Table 12. - United States exports (domestic merchandise) to Guatemala of principal commodities, in specified years, 1929 to 1939 - continued

Commodity	Unit of quantity	(Value in thousands of U. S. dollars)									
		1929	1932	1936	1937	1938	1939	1939	1939	1939	1939
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Iron or steel body valves and parts for steam, water, oil and gas	-	-	1	-	-	-	35	-	-	-	16
Motor trucks, buses, and chassis, new	Number	13/ 140	13/159	274	183	273	119	159	119	233	161
Passenger cars and chassis, new	do.	13/ 369	13/313	300	215	264	152	192	152	210	175
Automobile parts for replacement	-	-	109	-	33	57	60	-	60	-	64
Landplanes (powered)	Number	10/ 10/	10/	-	-	8	46	7	46	-	-
Motorcycles	do.	33	8	9	2	147	46	34	11	31	10
Parts of railway cars, except axles and wheels	-	-	19	-	21	36	-	-	36	-	34
Copper sulphate (blue vitriol)	1,000 lbs.	36	2	6	2/	172	223	5,813	223	7,707	291
Ready-mixed paints, stains, and enamels	1,000 gals.	14/ 42	14/ 66	40	63	81	87	47	87	46	84
Exports of commodities shown		4,934	1,499	2,216	4,252	3,796	4,159				
Total exports to Guatemala		11,436	2,794	4,521	7,397	6,836	8,510				
Principal exports (shown above) as percent of total value		43.1	53.7	49.0	57.5	55.5	48.9				

- 1/ Preliminary
2/ Not over 500.
3/ Used tire casings averaging less than \$2 not included in 1939.
4/ United States official standard.
5/ Classified as "Short-staple cotton under 1-1/8 inches."
6/ Quantity in 1,000 feet.
7/ Classified as "Gasoline, naphtha, and other finished light products."
8/ Classified as "Gas and fuel oil."
9/ Includes small amount of stainless and other alloy steel.
10/ Not separately classified.
11/ Classified as "Rails, 50 pounds and over per yard."
12/ Data not strictly comparable for the series.
13/ May include some second-hand articles.
14/ Classified as "Other ready-mixed paints."

Source: Compiled from official statistics of the U. S. Department of Commerce.

Balance of payments between the United States and Guatemala.

The principal features of the balance of payments between the United States and Guatemala in recent years (see table 13) have been the comparatively large import trade balance for the United States, the substantial expenditures of United States travelers in Guatemala, and the investment of new United States capital in Guatemalan banana plantations.

The United States has customarily had an import merchandise balance with Guatemala. This balance, moreover, has been comparatively large in the last 5 years; in 1939 it amounted to 2.2 million dollars. In addition to the strictly merchandise imports from Guatemala, the United States has also imported some gold, which is the product of Guatemalan mines, and does not represent monetary reserves. The substantial debit balance for the United States arising from the merchandise and gold accounts is increased further by the expenditures of United States travelers in Guatemala, which rose to 0.7 million dollars in 1938. (See table 13.)

Interest, bond-redemption, and sinking-fund receipts by United States owners of Guatemalan dollar bonds have been substantial credits for the United States in its financial transactions with Guatemala. Interest has been received continuously throughout the period shown, but the amounts received have been smaller and on an adjusted basis since 1932, when the dollar bonds of Guatemala went into default. At the end of 1938 estimated United States holdings of the dollar bonds of Guatemala totaled 4.7 million dollars (par value),^{1/} but as a result of retirements, and cancellations since then, this amount has been

^{1/} U. S. Department of Commerce, The Balance of International Payments of the United States in 1938, p. 90.

materially reduced. Until 1939 there were three issues of dollar bonds; one, after default, was replaced in 1936 by readjustment bonds on which interest has been paid in full. Partial interest continued to be paid on the other two issues, until one of these, which was privately held, was purchased and canceled by the Guatemalan Government in 1939. As a result of these actions, remittances (interest and principal payments) annually due United States owners of Guatemalan dollar bonds are no longer a large item in the balance of payments between the two countries.

The statistics shown in table 13 cover only part of the items customarily included in a balance of payments statement; the principal items omitted are the income from United States investments (credit) and the investment of United States capital in Guatemala (debit). Both items may be large, although they partially offset each other in the balance of accounts. As a result of the development of new banana-producing sites in Guatemala and the efforts of the banana producers to counteract the effects of banana diseases, several million dollars of new capital have been invested in United States enterprises in Guatemala. Such investments have, of course, been partly reflected in the recent increase in exports to Guatemala. A large part of the income from United States investments in Guatemala (valued at 50.4 million dollars at the end of 1936^{1/}) is also reflected in the merchandise account, as a substantial part of United States imports from Guatemala consists of products of United States enterprises operating in Guatemala. A part of the revenue obtained from the sale of such products in the United States market is retained by these concerns as income on their investment.

^{1/} U. S. Department of Commerce, American Direct Investments in Foreign Countries - 1936, p. 12.

Table 13. - Partial balance of payments between the United States and Guatemala, 1929-38

Note: Net credit balances for the United States are indicated by +; net debit balances by -.

(In millions of dollars)												
	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938		
Trade and service items:												
Merchandise exports to Guatemala 1/	11.5	7.3	5.2	2.8	3.1	4.1	3.9	4.6	7.6	6.9		
Merchandise imports from Guatemala 1/	8.5	7.4	4.7	4.5	3.5	4.5	6.1	8.4	9.6	9.5		
Net merchandise exports to (+) or imports from (-) Guatemala	+3.0	-.1	+0.5	-1.7	-.4	-.4	-2.2	-3.8	-2.0	-2.6		
Receipts from Guatemala for shipping services 2/	.4	.3	.3	.1	.1	.1	.1	.1	.2	.1		
Expenditures of Guatemalan travelers in U.S. 2/	.1	.1	.1	-	-	.1	.1	.1	.1	.1		
Expenditures of U.S. travelers in Guatemala 2/	.2	.2	.1	.1	.1	.1	.2	.4	.5	.7		
Interest receipts from Guatemala	.4	.4	.4	.3	.3	.2	.1	.2	.2	2/1		
Net receipts from (+) or payments to (-) Guatemala for services 4/	+7	+6	+7	+3	+3	+3	+1	-	-	-14		
Net receipts from (+) or payments to (-) Guatemala on trade and service account 4/	+3.7	+5	+1.2	-1.4	-1	-1	-2.1	-3.8	-2.0	-3.0		
Gold and silver:												
Net gold imports from Guatemala 1/	-.2	-.3	-.3	-.2	-1	-.2	-.2	-.2	-.3	-.2		
Net silver imports from Guatemala 1/	-	-	-	-	-1	-	-1	-	-	-		
Net gold and silver imports from Guatemala	-.2	-.3	-.3	-.2	-.2	-.2	-.3	-.2	-.3	-.2		
Capital items:												
Bond-redemption and sinking-fund receipts from Guatemala 5/	-	+5	+5	+1	+3	-	-	+4	-	+1		
Net balance on items shown 6/	+3.5	+7	+1.4	-1.5	-	-.3	-2.4	-3.6	-2.3	-3.1		

1/ United States statistics, unadjusted. 2/ Rough estimates. 3/ Allowance made for repurchases of Guatemalan dollar bonds by foreigners. 4/ Excluding return on U.S. direct investments in Guatemala. 5/ Bond-redemption receipts adjusted for repurchases by foreigners in all years; sinking-fund receipts in 1938 only. 6/ Exclusive of return on direct investments (receipts) and new investments (payments) in Guatemala.

Source: Especially prepared for this report by the Finance Division, Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce.

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